

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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In re:	: Chapter 11
	:
Gawker Media LLC, <u>et al.</u>,¹	: Case No. 16-11700 (SMB)
	:
Debtors.	: (Jointly Administered)
	:
	:
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**FIRST MONTHLY FEE STATEMENT OF HOULIHAN LOKEY CAPITAL, INC. FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND FOR
REIMBURSEMENT OF EXPENSES AS INVESTMENT BANKER TO THE DEBTORS
FOR THE PERIOD OF
JUNE 10, 2016 THROUGH JULY 31, 2016**

Name of Applicant:	Houlihan Lokey Capital, Inc.
Authorized to Provide Professional Services to:	the above-captioned debtors and debtors-in-possession
Date of Retention:	July 14, 2016, <i>nunc pro tunc</i> to June 10, 2016
Period for which compensation and reimbursement are sought:	June 10, 2016 through July 31, 2016
Amount of Compensation sought as actual, reasonable, and necessary:	\$1,040,000.00 (80% of \$1,300,000.00)
Amount of Expense Reimbursement sought as actual, reasonable, and necessary:	\$1,422.62
This is a(n): <input checked="" type="checkbox"/> Monthly ___ Interim ___ Final Application	
Is this a first monthly application? Yes <input checked="" type="checkbox"/> No ___	

¹ The last four digits of the taxpayer identification number of the debtors are: Gawker Media LLC (0492); Gawker Media Group, Inc. (3231); and Kinja Kft. (5056). The offices of Gawker Media and Gawker Media Group, Inc. are located at 114 Fifth Avenue, 2d Floor, New York, NY 10011. Kinja Kft.'s offices are located at Andrássy út 66. 1062 Budapest, Hungary.

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Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), as investment banker to the debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submits its first monthly fee statement for compensation and reimbursement of expenses (the "Fee Statement") pursuant to sections 327 and 328(a) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") and the Order Establishing Procedures for Interim Compensation and Reimbursement of Professionals [Docket No. 94] (the "Interim Compensation Order"). By the Fee Statement, Houlihan Lokey seeks compensation for investment banking services performed and expenses invoiced during the period commencing June 10, 2016 through July 31, 2016 (the "Compensation Period").

¹ The last four digits of the taxpayer identification number of the debtors are: Gawker Media LLC (0492); Gawker Media Group, Inc. (3231); and Kinja Kft. (5056). The offices of Gawker Media and Gawker Media Group, Inc. are located at 114 Fifth Avenue, 2d Floor, New York, NY 10011. Kinja Kft.'s offices are located at Andrássy út 66. 1062 Budapest, Hungary.

By this Fee Statement, Houlihan Lokey requests: (a) a Financing Transaction Fee of \$800,000.00 (80% of \$1,000,000.00), (b) monthly allowance of compensation of \$240,000.00 (80% of \$300,000.00 or \$150,000.00 per month due on June 16, 2016 and July 16, 2016) and (c) reimbursement of \$1,422.62 in expenses, in accordance with the Retention Order (as defined herein) [Docket No. 97] and the Interim Compensation Order. The total amount of compensation and expense reimbursement requested to be paid pursuant to this Fee Statement is \$1,041,422.62.

In support of this Fee Statement, Houlihan Lokey states as follows:

BACKGROUND

1. On June 10, 2016 (the “Petition Date”), Gawker Media LLC filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and was granted joint administration with Gawker Media Group, Inc. and Kinja Kft. on June 16, 2016. The Debtors continue to operate their businesses and manage their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On June 20, 2016, the Debtors filed an application for an order approving the employment and retention of Houlihan Lokey as their investment banker [Docket No. 58] (the “Retention Application”).

3. On July 13, 2016, the Court entered an order establishing procedures for interim monthly compensation and reimbursement of expenses of professionals [Docket No. 94].

4. On July 14, 2016, the Court entered its Order approving the Retention Application [Docket No. 97] (the “Retention Order”) pursuant to Sections 327 and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Bankruptcy Rule 2014-1.

5. The terms and conditions of Houlihan Lokey’s engagement in these cases, which

are embodied in the Retention Application and approved by the Court, are based upon Houlihan Lokey's agreement with the Debtor executed May 16, 2016 (the "Engagement Agreement"). Pursuant to the Engagement Agreement, Houlihan Lokey is to be compensated through a monthly fee of \$150,000.00, plus as applicable, Transaction Fee(s) (as defined in section 3 of the Engagement Agreement).

6. In addition, the Engagement Agreement entitles Houlihan Lokey to receive reimbursement of all actual and reasonable out-of-pocket expenses.

7. As detailed in the Retention Application, the terms of the Engagement Agreement are comparable to the terms Houlihan Lokey and other investment bankers have agreed upon in connection with the rendering of similar services under similar circumstances.

8. Under the Retention Order, Houlihan Lokey is compensated on a flat monthly and transactional, as opposed to hourly, fee basis, reflecting a typical fee structure for Houlihan Lokey and other leading investment banking firms. For the convenience of the Court and all parties in interest, attached hereto as Exhibit A is a summary setting forth estimated hours worked by professional by work category during the Compensation Period. Since Houlihan Lokey does not have the IT systems in place to allow its professional staff to regularly log hours worked, the hours logged are estimates only and Houlihan Lokey believes the actual hours worked are likely understated.

SUMMARY OF SERVICES PROVIDED BY HOULIHAN LOKEY

9. Since May 16, 2016, Houlihan Lokey has worked diligently on the matters for which it was engaged and, as a result, is uniquely situated to advise the Debtors. The Debtors chose Houlihan Lokey to act as their investment banker because, *inter alia*, Houlihan Lokey has

substantial experience in financial restructuring and technology, media and telecom investment banking services and other relevant expertise.

10. During the Compensation Period, the following professionals in Houlihan Lokey's Chicago and New York offices have performed substantial services to the Debtors in this case:

Reid Snellenbarger – Managing Director
Mark Patricof – Managing Director
Ryan Sandahl – Director
Michelle Forman – Vice President
Angus Schaller – Associate
John Butler – Financial Analyst
Amir Javaid – Financial Analyst

11. Houlihan Lokey's work on behalf of the Debtors has been categorized in to six separate areas of work, which included:

- a) Due Diligence, Analysis and Materials Preparation
- b) Asset Sale, Financing and Related Process Matters
- c) Correspondence with Debtors and Debtors' Advisors
- d) Correspondence and Meetings with Potential Bidders
- e) Correspondence with Creditors and Other Parties in Interest
- f) Administrative

A. Due Diligence, Analysis and Materials Preparation. Houlihan Lokey has engaged in extensive investigation of the Debtors' business, operations, financial performance, assets, liabilities, employees and other matters to enable Houlihan Lokey to effectively advise the Debtors and craft marketing materials to support the sale process. Houlihan Lokey assisted in preparing marketing materials for the benefit of, and supported and

coordinated due diligence performed by, potential bidders. Houlihan Lokey also prepared materials to support correspondence with the Debtors, the unsecured creditors, their advisors and other parties in interest.

B. Asset Sale, Financing and Related Process Matters. Houlihan Lokey has assisted the Debtors in evaluating the sale process, financing process, bidding procedures and related matters supporting and impacting the overall process. Houlihan Lokey has negotiated with the stalking horse bidder, debtor in possession financing provider and other parties in interest to improve the Debtors' contemplated process dynamics in an effort to maximize value to the estates. Houlihan Lokey has provided support to the Debtors necessary to ensure execution and approval of the bidding procedures and post-petition financing. Houlihan Lokey has been called to testify in support of the sale process, sale-related matters (e.g., Nick Denton automatic stay) and otherwise advised the Debtors in managing the post-petition process.

C. Correspondence with Debtors and Debtors' Advisors. Houlihan Lokey engaged in extensive correspondence, meetings and calls with the Debtors' management, board, counsel, and the Debtors' other advisors in this chapter 11 case, as well as significant preparations related to such communications. Houlihan Lokey provided advice regarding many significant decisions facing the Debtors, including issues related to the Debtors' liquidity and financial condition, bankruptcy matters, the sale process, asset purchase agreement terms and documentation, and other strategy and tactics related to the case. In addition, Houlihan Lokey provided periodic situational updates to the Debtors. During these updates, Houlihan Lokey reported on the status of the sale process, feedback from potential bidders, the status of diligence and other process-related issues. Houlihan Lokey spent considerable time exploring and evaluating various potential strategies for the sale process along with the Debtors' other advisors.

D. Correspondence and Meetings with Potential Bidders. Houlihan Lokey expended significant time identifying, contacting and corresponding with potential bidders. Houlihan Lokey prepared for, arranged and engaged in numerous calls and meetings with potential bidders, both independently and in conjunction with the Debtors' management.

E. Correspondence with Creditors and Other Parties in Interest. Houlihan Lokey communicated regularly with the Debtors' unsecured creditors, their advisors and other parties in interest. Key areas of discussion included proposed structure and status of the sale process, discussion of the Debtors' businesses, investment merits / risks, industry dynamics and other such matters pertaining to the Debtors' businesses and sale prospects.

F. Administrative. Houlihan Lokey expended time on administrative matters including, but not limited to, preparing its employment application and tracking expenses. Houlihan Lokey has also coordinated any such services performed at the Debtors' request with services of any other advisors and counsel, as appropriate, in an effort to avoid duplication of efforts.

12. Pursuant to the Retention Order, Houlihan Lokey is excused from complying with the information requirements contained in Local Bankruptcy Rule 2016-1 and General Order M-447 (as defined in the Retention Order).

HOULIHAN LOKEY'S FEE STATEMENT

13. The professional services and related expenses that are the subject of this Fee Statement were rendered and incurred in connection with these cases, and in discharge of Houlihan Lokey's professional responsibilities as investment banker for the Debtors. Houlihan Lokey's services have been substantial, necessary, and beneficial to the Debtors and other

constituents in this case. Houlihan Lokey believes that the fees and expenses requested by this Fee Statement are reasonable and necessary given the variety and complexity of the issues involved in these cases, the need to act or respond on an expedited basis to those issues, and are contemplated by the Bankruptcy Code and this Court's Retention Order.

14. Accordingly, Houlihan Lokey requests (a) a Financing Transaction Fee of \$800,000.00 (80% of \$1,000,000.00) (b) monthly allowance of compensation of \$240,000.00 (80% of \$300,000.00 or \$150,000.00 per month due on June 20, 2016 and July 16, 2016) and (c) reimbursement of \$1,422.62 in expenses in accordance with the Engagement Agreement, Retention Order and Interim Compensation Order.

15. Prior to the Petition Date, Houlihan Lokey received \$20,000.00 as an expense retainer to cover expenses estimated to have been incurred prior to the Petition Date (the "Pre-petition Expense Retainer"). To date, \$5,905.23 has been invoiced and applied against the retainer. The balance of this amount, totaling \$14,094.77 will continue to be applied against any additional pre-petition expenses and if there is a remainder, toward post-petition fees and expenses that are incurred by Houlihan Lokey.

16. Houlihan Lokey has maintained detailed records of actual and necessary expenses incurred. Houlihan Lokey's fee and expense detail is outlined in Exhibit B attached hereto. The total amount of compensation and expense reimbursement requested to be paid pursuant to this Fee Statement is \$1,041,422.62, of which \$1,041,422.62 remains unpaid as of this filing.

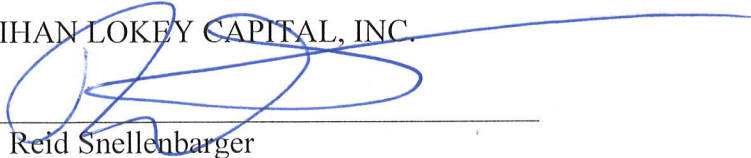
NOTICE

Pursuant to the Interim Compensation Order, Houlihan Lokey has provided notice of this Monthly Fee Statement, by hand, overnight delivery, or email to (i) the Debtors, 114 Fifth

Avenue, New York, New York 10011, Attn: Heather Dietrick (heather@gawker.com) and William D. Holden (profinvoices@gawker.com); (ii) counsel for the Debtors, Ropes & Gray LLP, 1211 Avenue of the Americas, New York, New York 10036, Attn: Gregg M. Galardi (gregg.galardi@ropesgray.com); (iii) the United States Trustee for the Southern District of New York, 201 Varick Street, Suite 1006, New York, New York 10014, Attn: Greg Zipes and Susan Arbeit; (iv) counsel for the Official Committee of Unsecured Creditors, Simpson Thacher & Bartlett, 425 Lexington Ave., New York, New York 10017, Attn: Sandy Qusba (squsba@stblaw.com) and William T. Russell (wrussell@stblaw.com); (v) counsel to US VC Partners LP, as Prepetition Second Lien Lender, Latham & Watkins LLP, 330 North Wabash Avenue, Suite 2800, Chicago, IL 60611, Attn: David Heller (david.heller@lw.com) & Keith A. Simon, 885 Third Avenue, New York, New York 10022, Attn: Keith A. Simon (keith.simon@lw.com); and (vi) counsel to Cerberus Business Finance, LLC, as DIP Lender, Schulte Roth & Zabel LLP, 919 Third Avenue, New York, New York 10022, Attn: Adam C. Harris (adam.harris@srz.com)

Dated: August 19, 2016
Chicago, Illinois

HOULIHAN LOKEY CAPITAL, INC.

By: 
D. Reid Snellenbarger
Managing Director

111 South Wacker Drive
37th Floor
Chicago, IL 60606
(312) 456-4700

*Investment Banker to the Debtors and Debtors-
in-Possession*

EXHIBIT A

SUMMARY OF HOURS EXPENDED

EXHIBIT A

**Houlihan Lokey Capital, Inc.
Summary of Professional Time by Category
Gawker Media LLC, et al.**

June 10, 2016 through July 31, 2016

Employee	Title	A	B	C	D	E	F	Total
Reid Snellenbarger	Managing Director	31.5	49.5	38.5	20.0	26.0	8.0	173.5
Mark Patricof	Managing Director	11.0	40.5	25.0	85.0	2.0	3.5	167.0
Ryan Sandahl	Director	55.5	30.0	41.0	13.5	26.0	11.0	177.0
Michelle Forman	Vice President	102.5	47.0	22.5	69.0	19.5	4.0	264.5
Angus Schaller	Associate	201.0	4.0	23.5	37.0	2.0	11.0	278.5
John Butler	Analyst	230.0	7.5	11.5	12.5	2.0	9.0	272.5
Amir Javaid	Analyst	252.0	5.5	12.5	3.0	2.0	9.0	284.0
Total		883.5	184.0	174.5	240.0	79.5	55.5	1,617.0

Legend

A	Due Diligence, Analysis and Materials Preparation
B	Asset Sale, Financing and Related Process Matters
C	Correspondence with Debtors and Debtors' Advisors
D	Correspondence and Meetings with Potential Bidders
E	Correspondence with Creditors and Other Parties in Interest
F	Administrative

EXHIBIT B

FEE AND EXPENSE DETAIL



HOULIHAN LOKEY

Invoice: 26537

PERSONAL & CONFIDENTIAL

July 18, 2016

Gawker Media Group, Inc.
114 Fifth Avenue
New York, NY 10011
Attn: Will Holden, Chief Restructuring Officer

Client #: 57698

Case #: 84778

Professional Fees

Financing Transaction Fee	\$	1,000,000.00	
Monthly Fee due on July 16, 2016		150,000.00	
Professional Fees Due	\$		1,150,000.00

Post-Petition Out of Pocket Expenses Posted Through July 13, 2016

Airfare	\$	1,038.20	
Ground and Other Transportation		147.85	
Business Meals		165.57	
Telephone, Data and Delivery		71.00	
Post-Petition Out of Pocket Expenses Due			\$ 1,422.62

Amount Due this Invoice **\$ 1,151,422.62**

Amount Outstanding from Invoice #26380 dated June 20, 2016 150,000.00

TOTAL AMOUNT DUE AND PAYABLE **\$ 1,301,422.62**

Memo: Pre-Petition Retainer Credit \$ (2,881.09)

Memo: Remaining Pre-Petition Expense Retainer \$ 14,094.77

PAYMENT DUE UPON RECEIPT

Wire Transfer Instructions:
Houlihan Lokey Capital, Inc. General Account
Account No: 1453120593
Bank Name: Bank of America
Wire ABA/Routing No./Bank ID: 026009593
Swift Code (International Wires only): BOFAUS3N
ACH Routing No.: 121000358
Federal ID #95-4024056



HOULIHAN LOKEY

Invoice: 26380

PERSONAL & CONFIDENTIAL

June 20, 2016

Gawker Media Group, Inc.
114 Fifth Avenue
New York, NY 10011
Attn: Will Holden, Chief Restructuring Officer

Client #: 57698
Case #: 84778

Professional Fees

Monthly Fee due on June 16, 2016	\$ 150,000.00	
Professional Fees Due		\$ 150,000.00

TOTAL AMOUNT DUE AND PAYABLE	\$ <u>150,000.00</u>
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<i>Memo: Pre-Petition Retainer Credit</i>	\$ (3,024.14)
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<i>Memo: Remaining Pre-Petition Expense Retainer</i>	\$ 16,975.86
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PAYMENT DUE UPON RECEIPT

Please Send Checks To:
Houlihan Lokey Capital, Inc.
Accounts Receivable Department
10250 Constellation Boulevard, 5th Floor
Los Angeles, CA 90067-6802

Wire Transfer Instructions:
Houlihan Lokey Capital, Inc. General Account
Account No: 1453120593
Bank Name: Bank of America
Wire ABA/Routing No./Bank ID: 026009593
Swift Code (International Wires only): BOFAUS3N
ACH Routing No.: 121000358
Federal ID #95-4024056

SUPPLEMENTAL EXPENSE DETAIL
GAWKER MEDIA LLC, et al.

June 10, 2016 through July 31, 2016

Reference Date	Category of Expense	Invoice Number	Amount	Employee / Vendor	Merchant	Explanation
6/14/2016	Airfare	CR00046041	\$ 1,028.20	Sandahl, Ryan C	American Airlines Inc	Coach, ORD-LGA-ORD
6/14/2016	Airfare	CR00046041	10.00	Sandahl, Ryan C	Travel 0001095090	Travel Booking Fee
	Airfare - Total		\$ 1,038.20			
6/10/2016	Business Meals	CR00047390	3.34	Javaid, Amir	Noodles & Company	OT Dinner
6/10/2016	Business Meals	CR00046343	9.37	Gaviglio, Evan	Chipotle	OT Dinner
6/11/2016	Business Meals	CR00047390	9.14	Javaid, Amir	Halal Guys	OT Dinner
6/13/2016	Business Meals	CR00046343	13.26	Gaviglio, Evan	Lillie's Q	OT Dinner
6/13/2016	Business Meals	CR00047390	8.07	Javaid, Amir	Aloha Poke	OT Dinner
6/14/2016	Business Meals	CR00047390	5.95	Javaid, Amir	Klay Oven Kitchen	OT Dinner
6/15/2016	Business Meals	CR00047390	13.29	Javaid, Amir	Slurping Turtle	OT Dinner
6/15/2016	Business Meals	CR00046041	11.15	Sandahl, Ryan C	Aa Admiral Club Lga D3	Travel Meal - Dinner
6/17/2016	Business Meals	CR00047390	5.56	Javaid, Amir	Potbelly	OT Dinner
6/20/2016	Business Meals	CR00047390	7.78	Javaid, Amir	Firefin Poke Shop	OT Dinner
6/22/2016	Business Meals	CR00047390	7.50	Javaid, Amir	Green Street Smoked Meats	OT Dinner
6/23/2016	Business Meals	CR00047390	6.53	Javaid, Amir	Naf Naf Grill	OT Dinner
6/24/2016	Business Meals	CR00047390	23.70	Javaid, Amir	Nando's Peri-Peri	OT Dinner
6/24/2016	Business Meals	CR00047390	23.70	Schaller, Angus	Nando's Peri-Peri	OT Dinner
6/28/2016	Business Meals	CR00047390	8.07	Javaid, Amir	Aloha Poke	OT Dinner
6/29/2016	Business Meals	CR00047390	3.88	Javaid, Amir	Chipotle	OT Dinner
6/30/2016	Business Meals	CR00047390	5.28	Javaid, Amir	Snap Kitchen	OT Dinner
	Business Meals - Total		\$ 165.57			
6/10/2016	Ground and Other Transportation	CR00047390	4.30	Javaid, Amir	Uber	OT Taxi
6/10/2016	Ground and Other Transportation	CR00047390	3.85	Javaid, Amir	Uber	OT Taxi
6/14/2016	Ground and Other Transportation	CR00047225	10.61	Gaviglio, Evan	Uber	OT Taxi
6/15/2016	Ground and Other Transportation	CR00046041	35.00	Sandahl, Ryan C	Lot A Eps - ORD	Travel Parking
6/15/2016	Ground and Other Transportation	CR00046041	46.04	Sandahl, Ryan C	Uber	Travel Taxi
6/15/2016	Ground and Other Transportation	CR00047390	4.00	Javaid, Amir	Uber	OT Taxi
6/15/2016	Ground and Other Transportation	CR00047390	3.85	Javaid, Amir	Uber	OT Taxi
6/21/2016	Ground and Other Transportation	CR00047390	4.15	Javaid, Amir	Uber	OT Taxi
6/21/2016	Ground and Other Transportation	CR00047390	4.90	Javaid, Amir	Uber	OT Taxi
6/23/2016	Ground and Other Transportation	CR00047390	4.30	Javaid, Amir	Uber	OT Taxi
6/24/2016	Ground and Other Transportation	CR00047390	4.25	Javaid, Amir	Yellow Cab	OT Taxi
6/28/2016	Ground and Other Transportation	CR00047390	4.90	Javaid, Amir	Uber	OT Taxi
6/29/2016	Ground and Other Transportation	CR00047225	9.40	Gaviglio, Evan	Uber	OT Taxi
6/30/2016	Ground and Other Transportation	CR00047390	4.00	Javaid, Amir	Uber	OT Taxi
6/30/2016	Ground and Other Transportation	CR00047390	4.30	Javaid, Amir	Uber	OT Taxi
	Ground and Other Transportation - Total		\$ 147.85			
6/15/2016	Telephone, Data and Delivery	CR00046041	8.50	Sandahl, Ryan C	Gogoair	Travel Internet
7/1/2016	Telephone, Data and Delivery	CR00047393	62.50	Javaid, Amir	Verizon Wireless	Telecommunication Service
	Telephone, Data and Delivery - Total		\$ 71.00			
	Grand Total		\$ 1,422.62			